

2010 U.S. Annual Report to the Kimberley Process

This annual report is submitted to the Working Group on Monitoring on behalf of the United States. The report was prepared by the Department of State, in conjunction with representatives from other U.S. government agencies. Multi-stakeholder consultation concerning the report was held with representatives from both U.S. industry and civil society, who were provided an opportunity to review and comment on this report.

Pursuant to the Administrative Decision on Procedures for Respecting Confidentiality within the KP adopted in November 2010, the United States does not wish to identify any statement or element of this report as “KP ONLY.” Thus, the United States requests that this report be published on the public-facing portion of the KP website and will be made available on the U.S. Department of State website devoted to the Kimberley Process and U.S. implementation thereof: <http://www.state.gov/e/eeb/diamonds>.

A. Institutional Framework

In 2003, the Clean Diamond Trade Act (Public Law 108-19) (CDTA) established a Kimberley Process Implementation Coordinating Committee to coordinate implementation of the Act. This U.S. government interagency committee includes officials from the Departments of State, Treasury, Commerce, Homeland Security, and the Office of the United States Trade Representative. Provisions of the CDTA are carried out by several U.S. government agencies and the private United States Kimberley Process Authority (USKPA). U.S. entities involved in implementation of the Clean Diamond Trade Act include:

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B. Legal Framework

The CDTA provides the legal framework pursuant to which the United States implements the Kimberley Process Certification Scheme (KPCS)(www.state.gov/e/eeb/diamonds). The CDTA is further implemented by Executive Order 13312 (July 29, 2003). Pursuant to this Executive Order, the Department of the Treasury issued the Rough Diamonds Control Regulations, on September 23, 2004. The Regulations have subsequently been amended, most recently on May 21, 2008. The complete text of the Regulations can be accessed at: <http://www.gpo.gov/fdsys/pkg/CFR-2010-title31-vol3/pdf/CFR-2010-title31-vol3-part592.pdf>.. Updated lists of Kimberley Process Participants are published periodically in the Federal Register. The most recent list was

published on December 31, 2008; it can be accessed at:
<http://www.state.gov/e/eeb/diamonds/docs/113716.htm>.

For more information on the legal framework for U.S. implementation of the Kimberley Process, see <http://www.state.gov/e/eeb/diamonds>.

C. Export and Import Regimes/Compliance Improvement Efforts

The United States intends to convene in May 2011 a diamond “smuggling workshop” in the model those conducted by West African participants in May-June 2010 to respond to the *Diamond without Borders* report and identify further gaps in the import/export implementation and enforcement system. This workshop will be facilitated by Partnership Africa Canada and involve a range of government agencies as well as representatives from civil society and industry. The United States is undertaking this effort not only to improve its system of internal controls but also intends this effort to demonstrate leadership in both multi-stakeholder engagement at the national KP implementation level as well as the need for trading/manufacturing centers to review their internal controls systems in a manner as rigorous as that expected of KP producers. We look forward to informing Intersessional and Plenary in 2011 about these efforts.

1. Outgoing Shipments

The U.S. system provides that the Exporting Authority, i.e. the U.S. Census Bureau, working together with the U.S. Kimberley Process Authority (USKPA), issues Kimberley Process certificates for rough diamond exports. The USKPA currently has licensing agreements with 18 entities as of the end of 2010. USKPA licensees issued 1,517 certificates in 2010.¹ The USKPA performs an annual, on-site performance review of selected licensees. The USKPA’s annual review of selected licensees is included as an annex to the annual review of the practices and procedures of the USKPA, which is sent to the U.S. Congress in July of each year.

During 2010, the Department of State continued to convene periodic teleconferences with the USKPA and its licensees to provide an opportunity for U.S. government agencies to communicate concerns or guidance directly

¹ During 2010, two companies surrendered their licenses, but one joined, bringing the total to 18, from the 19 reported in 2009. The total number of KPCs issued from the United States includes the companies no longer licensed to do so.

to exporters, as well as to respond to questions and requests for information posed by the exporting community. These calls continue to produce important compliance discussions and have enabled closer coordination with and oversight of the private sector.

In May 2010, the USKPA launched a web-based system to collect and coordinate information related to the issuance of KPCs. The system has, as hoped, eased the process for licensees in issuing KPCs and enhanced oversight of these shipments by government agencies, giving agencies real-time access to the database and providing for e-mail alerts to government agencies when a KPC is issued.

To complement existing activities, the Department of Homeland Security, through the U.S. Customs and Border Protection (CBP), continues to conduct examinations of targeted rough diamond export shipments. In 2010, CBP conducted 5 inspections of outbound shipments.

All other information provided in the 2005 annual report remains valid.

2. Incoming Shipments

The CBP is the Importing Authority responsible for implementing, enforcing, and monitoring provisions of the CDTA.

Recognizing the need to develop more uniform enforcement practices, CBP issued a policy memorandum to its field personnel in February 2008 emphasizing the requirement for presentation of the KP certificate upon importation and the requirement that rough diamond shipments be secured in tamper-resistant packaging. CBP defines tamper-resistant packaging as “packaging having an indicator or barrier to entry that could reasonably be expected to provide visible evidence that tampering had occurred. Standard mailing and express consignment packaging alone is not considered tamper resistant.” A version of this definition was also included in a General Warning to the public issued by the Department of State in December 2009.

CBP, in conjunction with the Department of State, continued to take steps in 2010 to work with express couriers to improve compliance with the Kimberley Process, to include ensuring correct classification of merchandise.

In an effort to promote greater understanding of rough diamonds, the Kimberley Process, and the CDTA – and in turn, more effective enforcement – CBP convened a special training seminar in New York City in July 2010 at the Gemological Institute of America. This training provided an opportunity for Customs officers to learn more about rough diamonds (for use in their physical inspections) as well as to understand better the U.S. KP implementation system, as well as that of Belgium. Two Belgian government representatives presented at the training, as well as the Chair of the KP Working Group of Diamond Experts (WGDE) and representatives from the State Department, Census, and USKPA. This training continued to reinforce the coordination between those involved in Kimberley Process/CDTA policy-making in Washington and the officers involved in implementing policy at the port level. The United States thanks the Government of Belgium and WGDE Chair for their cooperation and assistance.

Finally, in 2010, CBP conducted review of documentation for all inbound shipments and 137 physical inspections of inbound shipments.

D. System of Internal Controls and Industry Self-regulation.

In order to strengthen the credibility of the Kimberley Process, the U.S. diamond industry has implemented a system of warranties for rough and polished diamonds and jewelry containing diamonds. Under this system, all buyers and sellers of rough and polished diamonds make the following statement on their invoices:

“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

Several major U.S.-based jewelry retailers, including Tiffany, Helzberg, and Kay Jewelers, publish policies on conflict diamonds on their websites. Jewelry trade associations have developed codes of conduct that list member obligations regarding compliance with the Kimberley Process. In 2010, the Responsible Jewelry Council launched a new certification system, which requires independent third party verification of compliance with RJC standards. The standards include KPCS and WDC System of Warranties as elements; the State Department continues to keep in close touch with the

RJC as its systems develop and as more businesses become certified to its standards.

Finally, in addition to the formal visits conducted in conjunction with the USKPA, officials from the State Department, CBP, and Census informally contacted and visited numerous diamond companies throughout 2010 to discuss the KP, the companies' internal compliance efforts, and other related issues. To promote KP compliance and awareness, representatives from CBP, Census, and State spoke at the 2010 Tucson AGTA Gem Show on KP compliance, and State participated in a broad panel discussion on the KP at the 2010 Las Vegas Jewelry show.

E. Statistics

On January 1, 2009, the United States assumed the Chair of the Kimberley Process's Statistics Working Group. In this capacity, the United States provides direct leadership to the Working Group's efforts to improve the submission and analysis of statistical data. Census continues to develop the website it constructed to host KP statistical data and has also worked to develop other functionalities necessary to the Working Group's activities, including the adoption of a new Administrative Decision concerning KP data and development of a new "statistical anomalies" process.

In addition to its role as Working Group Chair, the Census Bureau also collects and provides U.S. rough diamond trade statistics to the Kimberley Process website. U.S. Geological Survey (USGS) experts have also conducted reviews of other Kimberley Process Participants' statistical submissions.

The Census Bureau has issued a "Notice of Request for Faxed Submission of Kimberley Process Certificates" requiring copies of all Kimberley Process Certificates to be faxed to a toll-free number (1-800-457-7328). The Census Bureau has continued to reach out to U.S. importers and exporters not providing faxed copies of KPCs to remind them of this requirement as a means to verify statistics provided to Census (imports) and the USKPA (exports). All other statistical information in the 2006 report remains valid. The Census Bureau will continue to update prior years' statistics as more information is received.

The Census Bureau conducted bilateral reconciliation of trade statistics in 2009 with Angola, Armenia, Australia, Brazil, Ghana, Guyana, India, Israel,

Mauritius, Mexico, Namibia, New Zealand, Tanzania, Thailand, Ukraine, United Arab Emirates, Vietnam and Chinese. The Census Bureau also conducted bilateral reconciliation of trade statistics in 2010 with Australia, People's Republic of China, Japan, India, Mexico, Namibia, Norway, Russian Federation, Singapore, Switzerland, Thailand, Turkey, United Arab Emirates, Vietnam and Chinese Taipei. The Census Bureau continues to reconcile U.S. statistics with our trading partners for 2009 and 2010, but this process has not been completed. As a result, any necessary changes will be incorporated at a later date.

As in previous years, during the reconciliation process conducted based on U.S. Customs data and provided by bilateral partners, the Census Bureau uncovered several data discrepancies and contacted U.S. importers to verify information and to obtain KP certificates. When discrepancies are identified, firms are contacted and efforts made to educate them on the legal obligations applicable to imports and exports of rough diamonds.

In 2010, the majority of identified instances in which KP certificates were not faxed to the Census Bureau involved low carat weight and/or low value shipments likely purchased through websites by one-time importers not generally accustomed to trading in rough diamonds. These one-time importers are generally not aware of their legal obligations; in such cases, the importers receive direct communication informing them of the applicable requirements, including by telephone call and/or letters.

U.S. Exports of Rough Diamond in 2010

The United States is not a rough diamond producer. In 2010, however, the United States did work closely with the Crater of Diamonds State Park in the state of Arkansas to develop a process to ensure that visitors to the park who dig for rough diamonds are aware of the requirements of the CDTA and the Kimberley Process.

U.S. exports are re-exports of rough diamonds imported from other Kimberley Process Participants. The United States has submitted trade data for 2010 and KP export certificate counts by Participant for 2010. The United States also provided certificate counts for imports by Participant, and quarterly import certificate counts.

According to published Census Bureau statistics, rough diamond re-exports from the United States in 2010 totaled \$ 220.8 million – a 17 percent decrease from the revised 2009 level of \$265.8 million. U.S. re-exports are primarily to three KP Participants: European Union (\$90.29 million), Israel (\$65.71 million) and the India (\$23.52 million), which were the destination of 81 percent of U.S. re-exports of rough diamonds in 2010.

Statistics provided by the USKPA indicate that 1,150 Kimberley Process Certificates were issued during 2010. These certificates covered exports to 21 participants detailed in the table below.

| USKPA Certificates Issued in 2010 | |
|--|----------------------------------|
| Country Name | Number of KP Certificates |
| Australia | 21 |
| Botswana | 2 |
| Brazil | 7 |
| Canada | 154 |
| China, People's Republic of | 59 |
| Chinese Taipei | 5 |
| European Union | 402 |
| India | 74 |
| Israel | 98 |
| Japan | 156 |
| Korea, Republic of | 72 |
| Mexico | 46 |
| Namibia | 17 |
| New Zealand | 4 |
| Norway | 1 |
| Sierra Leone | 1 |
| Singapore | 1 |
| South Africa | 14 |
| Thailand | 10 |
| Turkey | 1 |
| United Arab Emirates | 5 |
| Total KP Certificates | 1,150 |

U.S. Imports of Rough Diamonds in 2010

The United States imported \$458.5 million in rough diamonds in 2010, an increase of 34 percent from revised 2009 level of \$341.1 million. The United States imports most of its rough diamonds from only a few Participants. The top three Participants in 2010 were the EU (\$231.6 million), Switzerland (\$91.2 million), and Israel (\$89.6 million). The top three providers of rough diamonds (EU, Switzerland and Israel) furnished 90 percent of U.S. rough diamond imports in 2010.

According to the Census Bureau, the United States imported rough diamonds from 20 KP Participants in 2010, including: Australia, Botswana, Canada, the People's Republic of China, Democratic Republic of Congo, European Union, Guinea, India, Israel, Japan, Liberia, Mexico, Namibia, Russian Federation, Sierra Leone, South Africa, Switzerland, the United Arab Emirates, Vietnam and Chinese Taipei.

The United States has provided reports on these 2010 imports, including the value and carat weight and the country of provenance and country of origin, to the Kimberley Process website, in accordance with Annex III of the KPCS.

F. Implementation of Specific Recommendations

Since the 2005 Review Visit, the United States has worked to improve its system of internal controls in a range of areas. Of note in this regard in 2010 was continued implementation and enforcement of a 2008 regulation that requires the submission of annual reports by any U.S. person importing or exporting rough diamonds. The report must include annual totals of imports, exports, and remaining stockpiles at the end of the year. The second round of reports, covering calendar year 2008, was due in April 2009, and over 120 were received. Reports covering calendar year 2010 are due on 1 April, 2011; the State Department issued a reminder concerning these reports in March 2011, and numerous companies and jewelry trade associations provided similar reminders of this requirement. These reports provide an additional mechanism for analyzing trade statistics, as well as further information on all individuals and entities trading in rough diamonds in the United States.

To enforce this requirement, the Department of the Treasury's Office of Foreign Assets Control has issued over 100 administrative subpoenas to importers/exporters who had not complied with this requirement. Most importers/exporters receiving this administrative subpoena then complied

with the reporting requirement, as they were predominantly individuals or companies that had imported a small quantity of rough diamonds and were not aware of the general requirements. For those who have not yet complied, further enforcement action related to these annual reports is contemplated.

G. Infringements

CBP seized 14 shipments in violation of the CDTA in 2010. The seized shipments are valued at \$460,277. While the majority of seizures were related to technical violations of the CDTA, such as inadequate packaging or failure to include a valid KPC, in three cases, the rough diamonds were seized for lack of declaration and misclassification. None of these cases have been determined to involve imports of possible conflict diamonds. Of these seizures, three cases were administratively forfeited, and two were remitted in full as a result of the applicable administrative petition processes. Of the 2010 cases, nine cases remain open at various stages of the petition process.

The Department of State began a process of issuing public enforcement/infringement “Warnings” via its website. In 2010, State issued or published two warnings related to shipments of goods from the Marange area or Zimbabwe.

The United States identified counterfeit certificates from Namibia/Ghana, Sierra Leone and DR Congo, all in the pre-clearance phase. Pursuant to the Administrative Decision on Cooperation and Enforcement, the United States reported on these counterfeit certificates to the WGM and shared information directly with enforcement officials in these countries. The United States is not aware of further enforcement action taken.

In April 2009, CBP issued guidelines for the remission of forfeitures and the mitigation of penalties for violation of the CDTA. These mitigation guidelines provide a general framework and guidance regarding CBP’s disposition of forfeitures and penalties under the CDTA and implementing regulations. Issuance of the guidelines has greatly assisted CBP personnel in the uniform and consistent processing, review, and disposition of CDTA violations, and has provided further clarity to the trade community as to how forfeitures and penalties will generally be handled. The Guidelines are available on-line at:

http://www.cbp.gov/linkhandler/cgov/trade/legal/bulletins_decisions/bulletins_2009/vol43_04102009_no15/43genno15.ctt/43genno15.pdf.

In 2009, the Department of State coordinated a process with CBP and the Smithsonian Institution to transport all forfeited diamonds to the Smithsonian for storage and, consistent with applicable law, possible research determined to be in U.S. government interests.

Finally, in advance of the Administrative Decision on Cooperation and Enforcement, the United States developed a template for the sharing of information concerning seizures/forfeitures requested by other KP Participants. The template was circulated through the WGDE and is available on-line at:
http://www.cbp.gov/linkhandler/cgov/trade/trade_programs/diamonds/not_kim.ctt/not_kim.pdf

The United States encourages the use of this template by other Participants.

H. Technical Assistance

The United States has served as the coordinator for technical assistance for the Kimberley Process since November 2005. The United States has spent more than \$21 million in the last nine years on technical assistance and capacity building in the diamond sector in Africa. In 2010, the U.S. State Department, the U.S. Agency for International Development (USAID), and the USGS cooperated to provide technical assistance to Liberia, Ghana, Guinea, and the Central African Republic, as well as through funding of the civil society efforts in the Mano River Union countries (Liberia, Sierra Leone, Ghana, and Cote d'Ivoire) to convene enforcement profile seminars in May 2010, which provided the bases for the West Africa efforts of the June 2010 KP Enforcement Seminar. The United States also co-sponsored the Enforcement Seminar and publication of the summary report, *Diamonds without Borders*.

USAID/Land Tenure

The Property Rights and Artisanal Diamond Development (PRADD) project is a joint Department of State/USAID initiative to assist the governments of the Central African Republic (CAR) and of Liberia to fulfill their commitment to the Kimberley Process Certification Scheme. Launched in CAR in 2007 as a pilot initiative and in Liberia in late 2010, the project aims to increase the amount of alluvial diamonds entering the formal chain of

custody while improving the benefits accruing to mining communities through an approach of strengthening property rights. Since 2007 PRADD/CAR has assisted 1,525 artisanal diamond miners clarify and secure their customary property claims through a process of GPS mapping and community validation of sites. The project's database of geo-referenced diamond-mining sites is being transferred to the Ministry of Mines, Energy and Hydrology (MMEH) fully equipped geographic information system (GIS) unit which is now open, and PRADD is training its staff in IT tracking techniques. The database will enable the GIS unit to improve the Ministry's ability to track the production and sale of alluvial diamonds and provide accurate data on the environmental impact of artisanal mining.

The project's property rights methodology was carefully coordinated with a concerted public awareness campaign that increased understanding of the law among miners, and created incentives for PRADD miners to comply with the law. In the province of Lobaye, the proportion of miners bearing an official license increased from 5.1% in 2009 to 9.7% in 2010. More strikingly, the weight in carats of legal production in the PRADD areas today is twice what it was when the project started, according to the Regional Directorate's official figures: 8% against 4.1%. The increase in diamonds entering the formal chain of custody has meant an additional \$45,200 in export taxes from the PRADD areas for the National Treasury, an amount corresponding to the construction of a quality hospital with maternity ward in CAR. These visible successes have prompted the government of CAR to recognize the benefits of PRADD's vision and adopt some of its core recommendations. This includes a reduction in the artisanal mining license fee a 36% reduction of the 2011 artisanal mining license fee in order to eliminate one of the main barriers to artisanal mining formalization. To build on this success, PRADD is assisting the Ministry of Mines to launch a countrywide sensitization campaign aimed at increasing the proportion of artisanal diamond miners who have purchased licenses.

At the community level, successes are evidenced by an increase in incomes and a reduction in social tensions. Encouraging miners to diversify their income beyond that of artisanal mining, PRADD initiated and trained 194 local associations in various income-generating activities. Some of them—such as soap-making, cassava grinding, and petty trade—target women. As the first beneficiaries pioneering the new income-generating activities reap profits, a growing number of community members are beginning to emulate their example. In the last quarter of 2010, communities generated three times

more revenues than during all the previous quarters combined. Other PRADD activities mitigate the environmental impact of artisanal mining by transforming exhausted diamond pits into fish ponds, fruit tree plots, and vegetable gardens. By the first of March 2011, 193 exhausted sites had been reclaimed, and the number is growing. Convinced by the PRADD public awareness campaign that the protection of the environment is compatible with an increased income, 81.7% of the miners now declare that they intend to rehabilitate their sites after their mines cease to be productive, according to a recent project survey.

Discussions between the US government and the government of Liberia on a Memorandum of Understanding (MOU) were finalized on September 14, 2010 and PRADD was launched in Liberia. PRADD will work through the Ministry of Lands, Mines, and Energy (MLME) to implement the land tenure and property rights approach that has been pioneered in CAR.

Since the signing of the MOU, an advisory group representing government, civil society, and the diamond mining sector has been set up by the MLME to provide guidance to the project. PRADD has completed an assessment of the mining communities in which it will work and is in the process of collecting baseline data through a survey of mining households. In order to formally test the effectiveness of the PRADD methodology, data is also being collected from control sites. PRADD's careful methodology will enable USAID to measure the effect of the project on the livelihoods of mining families.

USGS

With financial support from the Department of State, the USGS has been conducting technical assistance tasks for the Kimberley Process Certification Scheme during the fiscal year 2011. This support can be divided into three parts:

1. A draft report on field assessments conducted in Guinea
2. A preliminary satellite imagery assessment of the diamond resources of Séguéla, Côte d'Ivoire
3. A preliminary satellite imagery assessment of diamond mining activities in the Marange diamond fields of Zimbabwe
4. The ongoing compilation of a comprehensive West African diamond database

1. Guinea

The USGS conducted a preliminary field assessment of Guinea in April 2010 in cooperation with the partners from the KP Working Group of Diamond Experts. A draft report was produced and submitted to the State Department's Special Advisor for Conflict Diamonds and the Kimberley Process, in November 2010.

2. Côte d'Ivoire

The USGS continues satellite imagery monitoring of the diamond resources of Séguéla in northern Côte d'Ivoire. The assessment involves the acquisition of high resolution satellite imagery and radar data covering the years 2005-2010. Data compilation, archival research, and database construction is currently underway. Additionally, research on diamond deposits at Tortiya and Haut Nzi is underway. This research is also accompanied by satellite image acquisition and monitoring.

3. Zimbabwe

The USGS continues assessing the artisanal and industrial mining activities in the Marange district of eastern Zimbabwe, through the use of satellite imagery covering the years 2006-2010. A database of the location, extent, and type of mining activities is being developed, by identifying areas of active mining inside and outside of the formal mining lease area. This information will be displayed in a series of satellite image maps and a comprehensive 3-D diagram of Marange showing mining activities between the years 2006 and 2010.

4. West African Diamond Database

Since 2007, the USGS has been working to develop and compile a comprehensive diamond database of West Africa. At present, the database includes the countries of Mali, Ghana, Guinea, Côte d'Ivoire, Sierra Leone, Liberia, and Burkina Faso. A Geographical Information Systems (GIS) database containing known primary and secondary diamond occurrences in West Africa is being developed and includes information on the geographic location, deposit type, and characteristics of the diamonds. The database is frequently updated and research continues on the compilation of information on additional countries in the region.

General Statistical Support for the KP effort:

Training was provided to the CAR, Mali, and Ghana on how to meet the statistical reporting requirements of the KP and methods for collecting and reporting the required statistics. Furthermore, the USGS has sent technical experts on review missions to Liberia, Sierra Leone, and Angola, to identify possible issues associated with KP statistics reporting.

Technical Assistance in Support of Liberia, the CAR, Mali, and Ghana:

The USGS has also focused efforts on conducting diamond resource and production capacity assessments in Liberia (2006-2009), the Central African Republic (2007-2008), Mali (2007-2008), and Ghana (2008-2010). Through the extensive research of available literature, the creation of a geographic information system (GIS) with diamond mining information and locations, satellite image analysis, geological assessments, and field work, these studies produce estimates of a country's possible diamond production capacity. These estimates can then be compared with the production statistics released by the country, acting as an important method of verification.

Liberia : The USGS project in Liberia concluded in 2007. However, in 2009, the USGS received a request for assistance from the Ministry of Lands Mines and Energy to repair their diamond tracking database. In response, the USGS developed a new diamond tracking database using FileMaker Pro, a much more user friendly software than that used on the original diamond tracking database. Later a two-person USGS team then went to Liberia and spent 4 days installing the new system and providing training. That system is now operational. To date, the USGS continues to support the new database with upgrades and technical support.

Central African Republic

The final report for this work received USGS Director's approval for final publication and release on January 8, 2010.

Chirico, P.G., Barthélémy, Francis, and Ngbokoto, F.A., 2010, Alluvial

diamond resource potential and production capacity assessment of the Central African Republic: U.S. Geological Survey Scientific Investigations Report 2010-1003, 22 p.

Mali

The final report for this work received USGS Director's approval for final publication and release on January 7, 2010.

Chirico, P.G., Barthélémy, Francis, and Koné, Fatiaga, 2010, Alluvial diamond resource potential and production capacity assessment of Mali: U.S. Geological Survey Scientific Investigations Report 2010-1004.

Ghana

In March 2009, the USGS conducted a two-week field campaign investigating alluvial diamond mining activities in the Birim Valley and regions near Tarkwa. At each site data was collected on diamond grades, production levels, local geology and geomorphology, and mining techniques.

During the early part of 2009, the USGS developed a diamond tracking database for Ghana which was intended to track diamonds from their source, through transactions which moved the diamonds to the Precious Minerals Marketing Company (PMMC) and to final export from Ghana with a KP certificate. In March 2009, a three person team visited Ghana to install that database. After testing and modifications, the database was successfully installed within the Minerals Commission. However, networking difficulties precluded finalizing the connection with the PMC. The USGS is continuing work with the Minerals Commission and the PMMC to finalize implementation of the database.

In September 2009, the USGS released a draft report which evaluated Ghana's rough diamond production capacity. This report is currently awaiting USGS Director's approval for publication and release.

Chirico, P.G., Malpeli, K.C., Anum, Solomun, and Phillips, E.C., 2010, Alluvial diamond resource potential and production capacity assessment of Ghana: U.S. Geological Survey Scientific Investigations Report 2010-xxxx, xx p.

In January 2010, the USGS provided a four-day remote sensing training course to 22 members of the Geological Survey Department of Ghana. The training covered topics in GIS and satellite imagery tools that can facilitate the monitoring of alluvial diamond production.

I. Miscellaneous

Enhanced Vigilance

As explained in previous reports, the United States takes seriously the calls for enhanced vigilance. In addition to ensuring that Customs ports have the Marange footprint and related notices available, we have issued several warnings to the public on illicit trade in Marange diamonds, as well as the use of counterfeit certificates from other countries, including both KP participants and non-KP countries, such as Cameroon. In addition to the warnings issued by the US Department of State, notices from several diamond and jewelry trade associations pertaining to diamonds from Marange have been issued to the industry at large, urging increased vigilance regarding diamonds from that region entering the stream of commerce, and advising that trading in these diamonds in violation of KPCS standards could lead to government action. The United States continues to provide leadership within the KP on this, both by leading the Friends of Cote d'Ivoire and working with others to promote the Enforcement Seminar and subsequent efforts.

As stated above, the United States also intends to convene in May 2011 a diamond "smuggling workshop" in the model of the ones conducted by West African participants in May-June 2010 to identify gaps in the implementation and enforcement system.

Review Visits

The United States participated in the Review Mission to Zimbabwe during 2010.